



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**SOUTH CAROLINA WITHHOLDING TAX
INFORMATION GUIDE**

FORM-105

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8004

PURPOSE

This information guide briefly explains the South Carolina income tax withholding law. It is not designed to answer all questions which might arise, but is intended to enable employers/withholding agents to become familiar with South Carolina income tax withholding requirements.

WHO MUST WITHHOLD

Every employer/withholding agent having an employee earning wages in South Carolina and who is required to make a return or deposit with the Internal Revenue Service shall make a return or deposit to the South Carolina Department of Revenue any taxes that have been withheld for state purposes. All South Carolina employers are required to withhold tax from employee wages at the same time employees are paid.

It is important to remember that South Carolina state taxes are withheld when wages are earned while working in South Carolina. An employee who works in another state but is a resident of South Carolina will have taxes withheld for the other state unless that state does not have an income tax. In that case, South Carolina taxes must be withheld since it is the employee's state of legal residence.

In addition to withholding from wages, South Carolina requires withholding from royalties, prizes, winnings, nonresident contractors (contracts exceeding \$10,000), rental payments made to nonresidents who own five or more residential units or one or more commercial properties in South Carolina, and withholding required by the 2008 Illegal Immigration Reform Act.

W4 REQUIREMENTS

The IRS provides W4 forms. There is no separate SC W4 form except for nonresident spouses of servicemembers.

Secure a signed withholding exemption certificate from each employee. Employers must withhold at the rate of zero exemptions if no exemption certificate is provided. If the number of exemptions for federal and state are the same, only one federal W4 form should be completed. If claiming a different number of exemptions for state than federal, a separate W4 must be completed and marked "For State Purposes only". An employee is not allowed to claim a greater number of exemptions for state purposes than the exemptions claimed for federal purposes. If an employer receives a withholding exemption certificate from an employee claiming ten (10) or more withholding exemptions or the employer believes a certificate is incorrect, the employer must furnish a copy of the certificate to the South Carolina Department of Revenue (SCDOR) within 30 days. The employer must withhold on the basis of the certificate until notified by the SCDOR to withhold at a different rate.

HOW TO OBTAIN A WITHHOLDING FILE NUMBER

You must apply for a SC withholding file number in order to establish an account in which to deposit your payments. This can be done by selecting South Carolina Business One Stop (SCBOS) on our website, **www.sctax.org** or by completing SCDOR-111 (Business Tax Application). The number entitles you to be a **withholding agent**. Should the ownership of the business change, such as conversion from a partnership to a corporation, a new withholding file number must be obtained. A new withholding file number is not required for change of address. If you are required to get a new federal identification number, you are also required to get a new SC withholding file number. Your SC withholding file number will start with a 25 and is a nine digit number. **You must reference this file number on all returns, correspondence, payments, and when any phone calls are made to the department.**

MAKING PAYMENTS - RESIDENT/NONRESIDENT

Employers/withholding agents (resident and nonresident) whose South Carolina withholding tax exceeds \$15,000 during a quarter or who make 24 or more payments in a year are identified and must pay electronically by either DOR ePay or EFT by their due date. Any employer/withholding agent with less than \$15,000 per quarter may voluntarily submit payment electronically. Payments alone do not satisfy the filing requirement.

Any employer/withholding agent with less than \$15,000 per quarter may voluntarily submit payment electronically. All others must submit the payment using the Withholding Tax Coupon, Form WH-1601. **Payments alone do not satisfy the filing requirement for withholding returns.**

Resident employers/withholding agents are required to make payment of withholding taxes at the same time that their federal payments are due. Regardless of your state amount withheld, your payment is due at the same time that your federal payment is due. Resident employers are those whose principal place of business is in South Carolina.

Nonresident employers/withholding agents are required to make payments either quarterly or monthly. If the South Carolina state tax liability is less than \$500 for the quarter, the payment is due by the last day of the month following the end of the quarter. Once the withholding reaches \$500 or more during the quarter, it is due by the 15th of the following month. Nonresident employers are those whose principal place of business is outside of South Carolina.

SUBMITTING W2s

W2s are due to the Department of Revenue on the last day of February following the tax year. Only 1099 forms that have SC withholding tax should be sent to SCDOR. W2s can be submitted online through the SC Business One Stop website www.scbos.sc.gov. Otherwise, use form WH-1612 to submit W2s and 1099s.

Methods of Filing a Return	Methods of Payment NOTE: Payments alone do not satisfy the filing requirement.
eWithholding - Online Filing	DOR ePay - Electronic Payment System
Telefile - Call (803) 898-5918 to file by phone	EFT - Electronic Funds Withdrawal
Paper Filing - Mail Return	Paper Filing - Mail WH-1601 and Payment

For details on these filing and payment methods, refer to our website at www.sctax.org.

FILING RETURNS

There are two types of returns: the WH-1605 and the WH-1606. Annual filers file only WH-1606.

WH-1605 SC Withholding Quarterly Tax Return

All employers/withholding agents (resident and nonresident) must complete the WH-1605 for the first three (3) quarters of the year.

WH-1606 SC Withholding Fourth Quarter and Annual Reconciliation Return

All employers/withholding agents (resident and nonresident) must complete the WH-1606 if their South Carolina withholding account was open for any portion of the year. Do not file a WH-1605 for the fourth (4th) quarter.

A return must be filed for a quarter as long as the SC withholding account is open, even if no tax is withheld and there are no employees. Delinquent tax notices may be issued for failure to file required quarterly tax returns.

DUE DATES FOR FILING THE RETURNS:

FORM	QUARTER	DUE DATE
WH-1605	1st (Jan-Feb-Mar)	Apr 30th
WH-1605	2nd (Apr-May-Jun)	Jul 31st
WH-1605	3rd (Jul-Aug-Sep)	Oct 31st
WH-1606	4th (Oct-Nov-Dec) / ANNUAL (Jan-Dec)	last day of February of the following year

If the due date of the return falls on a holiday or weekend, the return is due on the next business day.

WITHHOLDING TAX TABLES (WH-1603)

Utilize the withholding tax tables to determine correct amounts to withhold.

CLOSING A WITHHOLDING ACCOUNT

Close your account: (a) by filing a C-278 Account Closing Form; (b) by filling in the circle and including a close date on your WH-1605 or WH-1606 return; (c) through Business Tax TeleFile at (803) 898-5918; or (d) through eWithholding at www.sctax.org. Returns are required to be filed through the closing date. A WH-1606 reconciliation must be filed if the account was open for any portion of the calendar year.

ANNUAL FILERS

The Internal Revenue Service changed its employment tax filing requirement for certain businesses from quarterly to annually. As of the date of this publication, **South Carolina has not adopted this change.** For those who voluntarily withhold taxes from sources that do not require withholding (i.e. farmers, domestic help, fishermen, ordained pastors, etc.), the South Carolina Department of Revenue does allow you to file returns and pay the tax withheld on an annual basis. To find more information on how these annual filers should correctly file withholding returns and make withholding payments for South Carolina, please visit our website at www.sctax.org and click on Withholding. Then select Other Topics.

ENTERPRISE ZONE ACT/RURAL DEVELOPMENT ACT

Employers/withholding agents who have qualified and been approved by the South Carolina Coordinating Council with the Department of Commerce may use a portion of the state income tax withheld from their employees as job development credits and/or employee retraining credits. WH-1605Z and WH-1606Z are used to file these types of returns. Withholding statutes are Chapter 8, Title 12, SC Code of Laws.

Go to www.sctax.org and click on Withholding for additional information.